

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 XMB-07 TRSE-00 OMB-01 RSC-01

DRC-01 /033 W

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R 130320Z AUG 74

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 5344

USDOC WASHDC

INFO AMEMBASSY SINGAPORE

AMCONSUL HONG KONG

UNCLAS SEOUL 5271

STATE PASS EXIM BANK

E.O. 11652: N/A

TAGS: BMEP, BEXP, KS

SUBJECT: MAJOR PROJECT, KOREA CHEMICAL PULP CO. PLANT

REF: A. SEOUL 1142, 19 FEBRUARY 1974

B. SEOUL A-83, 9 MARCH 1972

1. PROJECT DESCRIPTION: KOREA CHEMICAL PULP CO. REPORTED IN REF A AS LOOKING FOR JOINT VENTURE PARTNER IS NOW NEGOTIATING WITH LOUISIANA-PACIFIC OF U.S. PROJECT INVOLVES CONSTRUCTION OF FIRST CHEMICAL (KRAFT) PULP MILL IN KOREA WITH PLANNED CAPACITY OF 800 METRIC TONS PER DAY INCLUDING DISSOLVING PULP, BLEACHED KRAFT PULP, SEMI-BLEACHED KRAFT PULP AND UNBLEACHED KRAFT PULP. FINAL FEASIBILITY STUDY HAS BEEN COMPLETED BY H.A. SIMONS (INTERNATIONAL) LTD. OF CANADA AND HOWARD S. WRIGHT CONSTRUCTION CO. OF THE U.S. CONSTRUCTION WILL BEGIN IN JANUARY 1975 WITH A COMPLETION DATE OF JULY 1977.

2. IMPLEMENTING OFFICE: INTERESTED PULP MACHINERY SUPPLIERS SHOULD CONTACT:

MR. S.J. KIM, MANAGER

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PROJECT DEPARTMENT

KOREA CHEMICAL PULP CO., LTD.
21ST. FLOOR, DAE WOO BLDG.
#3-106, 1-KA, DO-DONG,
CHUNG-KU, SEOUL, 100, KOREA
TELEX: CORAY 2527S
TEL: 24-4864

3. COST AND FINANCING: PROJECTS COSTS WILL BE \$122 MILLION. FOREIGN EXCHANGE COSTS OF \$79 MILLION WILL BE FINANCED THROUGH LOANS. NEGOTIATIONS ARE REPORTEDLY UNDERWAY WITH EXIM BANK AND THE CANADIAN EXPORT DEVELOPMENT CORPORATION (EDC). \$43 MILLION IN LOCAL COST WILL BE FINANCED BY LOCAL LOANS (\$19 MILLION) AND LOCAL EQUITY INVESTMENT (\$24 MILLION). COST ESTIMATES ARE FROM 1973 PRELIMINARY FEASIBILITY STUDY AND WILL PROBABLY BE ADJUSTED.

4. EXPECTED BID DATES: N/A.

5. POTENTIAL U.S. SALES: SUBJECT PLANT WILL NEED GENERAL LINE OF CHEMICAL PULP PLANT EQUIPMENT TO INCLUDE - CLARIFIERS, CHEMICAL RECOVERY QNIT, PULP BALING LINES, PULP SHEET CUTTER AND LABELER, ELECTRO-STATIC PRECIPITATOR, BLACK LIQUOR EVAPORATOR, WASHER AND DECKER, PULP MACHINE WET END, PULP MACHINE DRY END, BATCH DIGESTOR, CHLORAL ALKALI, CHLORATE PLANT, LIME KILN, CHLORINE DIOXIDE GENERATOR PLANT, THICK STOCK PUMPS, POWER BOILERS, STEAM TURBINE GENERATORS, BLEACHING TOWER, MIXING EQUIPMENT, CENTRIFUGAL CORRECTOR, STOCK THICKNER, ETC. MR. J.K. CHANG, SENIOR ENGINEER WILL PROVIDE MORE DETAILED INFORMATION UPON REQUEST. FIRM HAS STATED INTENTION TO PURCHASE EQUIPMENT IN NORTH AMERICA.

6. POST COMMENTS: ADDRESS OF POTENTIAL U.S. JOINT VENTURE PARTNER IS LOUISIANA PACIFIC CORP., 1300 S. W. 5TH AVE., PORTLAND, OREGON 97201. EMBASSY INFORMATION IS THAT LOUISIANA-PACIFIC IS ONLY FOREIGN FIRM NOW DISCUSSING JOINT VENTURE WITH KOREA CHEMICAL PULP CO. COOPERATIVE EFFORT BETWEEN USDOC AND LOUISIANA-PACIFIC OR HOWARD W. WRIGHT CONSTRUCTION SHOULD GIVE U.S. SUPPLIERS HEAD START IN COMPETITION FOR \$79 MILLION IN EQUIPMENT CONTRACTS.

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